

**REVISED**

# ARIZONA STATE SENATE

## RESEARCH STAFF



TO: MEMBERS OF THE SENATE  
FINANCE COMMITTEE

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DATE: February 24, 2021

SUBJECT: Strike everything amendment to S.B. 1252, relating to corporate income tax; subtraction

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### Purpose

Requires, for taxable years beginning January 1, 2022, a corporation's first \$100,000 of Arizona gross income to be subtracted from Arizona gross income when computing a corporation's Arizona taxable income.

### Background

The corporate income tax is levied on corporations that engage in business within Arizona. Arizona gross income for a corporation is the same as the corporation's federal taxable income for the taxable year. Current statute authorizes various amounts to be added or subtracted when computing a corporation's Arizona taxable income (A.R.S. §§ [43-1101](#); [43-1121](#); and [43-1122](#)).

The Joint Legislative Budget Committee fiscal note estimates that S.B. 1252 would result in a state General Fund revenue loss of \$(32.2) million, beginning in FY 2023. The fiscal note states that the estimate is uncertain due to data limitations ([JLBC fiscal note](#)).

### Provisions

1. Requires, for taxable years beginning January 1, 2022, a corporation's first \$100,000 of Arizona gross income to be subtracted from Arizona gross income when computing a corporation's Arizona taxable income.
2. Becomes effective on the general effective date.

### Revisions

- Updates the fiscal impact statement.